



Substitute Senate Bill No. 25

Public Act No. 08-117

AN ACT CONCERNING A REPORT ON BOND ALLOCATIONS AND BOND AUTHORIZATIONS FOR THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (g) of section 3-20 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):

(g) (1) With the exception of refunding bonds, whenever a bond act empowers the State Bond Commission to authorize bonds for any project or purpose or projects or purposes, and whenever the State Bond Commission finds that the authorization of such bonds will be in the best interests of the state, it shall authorize such bonds by resolution adopted by the approving vote of at least a majority of said commission. No such resolution shall be so adopted by the State Bond Commission unless it finds that there has been filed with it (A) any human services facility colocation statement to be filed with the Secretary of the Office of Policy and Management, if so requested by the secretary, pursuant to section 4b-23 of the 2008 supplement to the general statutes; (B) a statement from the Commissioner of Agriculture pursuant to section 22-6, for projects which would convert twenty-five or more acres of prime farmland to a nonagricultural use; (C) prior to

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the meeting at which such resolution is to be considered, any capital development impact statement required to be filed with the Secretary of the Office of Policy and Management; (D) a statement as to the full cost of the project or purpose when completed and the estimated operating cost for any structure, equipment or facility to be constructed or acquired; and (E) such requests and such other documents as it or said bond act [require] requires, provided no resolution with respect to any school building project financed pursuant to section 10-287d of the 2008 supplement to the general statutes or any interest subsidy financed pursuant to section 10-292k of the 2008 supplement to the general statutes shall require the filing of any statements pursuant to subparagraph (A), (B), (C), (D) or (E) of this subdivision and provided further any resolution requiring a capital impact statement shall be deemed not properly before the State Bond Commission until such capital development impact statement is filed. Any such resolution so adopted by the State Bond Commission shall recite the bond act under which said commission is empowered to authorize such bonds and the filing of all requests and other documents, if any, required by it or such bond act, and shall state the principal amount of the bonds authorized and a description of the purpose or project for which such bonds are authorized. Such description shall be sufficient if made merely by reference to a numbered subsection, subdivision or other applicable section of such bond act.

(2) The agenda of each meeting shall be made available to the members of the commission not later than five business days prior to the meeting at which such agenda is to be considered. The day of the meeting shall count as one of the business days. The agenda of each meeting, or any supporting documents included with such agenda, shall include a reference to the statute or public or special act which is the source of any funds to be used for any project on such agenda, including any contingency funds and any reuse or reallocation of

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funds previously approved for any other use or project, and a notation of the outside source from which any funds for any such project were received, if any.

(3) Upon adoption of a resolution, the principal amount of the bonds authorized therein for such purpose or project shall be deemed to be an appropriation and allocation of such amount for such purpose or project, respectively, and subject to approval by the Governor of allotment thereof and to any authorization for such project or purpose that may otherwise be required, contracts may be awarded and obligations incurred with respect to any such project or purpose in amounts not in the aggregate exceeding such authorized principal amount, notwithstanding that such contracts and obligations may at a particular time exceed the amount of the proceeds from the sale of such bonds theretofore received by the state. In any such resolution so adopted, the State Bond Commission may include provision for the date or dates of such bonds, the maturity of such bonds and, notwithstanding the provisions of any bond act taking effect prior to July 1, 1973, provision for either serial or term, sinking fund or other reserve fund requirements, if any, due dates of the interest thereon, the form of such bonds, the denominations and designation of such bonds, registration, conversion and transfer privileges and the terms of redemption with or without premium and the date and manner of sale of such bonds, provisions for the consolidation of such bonds with other bonds including refunding bonds for the purpose of sale as provided in subsection (h) of this section, limitations with respect to the interest rate or rates on such bonds, provisions for receipt and deposit or investment of the good faith deposit pending delivery of such bonds and such other terms and conditions of such bonds and of the issuance and sale thereof as the State Bond Commission may determine to be in the best interest of the state, provided the State Bond Commission may delegate to the Treasurer all or any part of the foregoing powers in which event the Treasurer shall exercise such

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powers until the State Bond Commission, by adoption of a resolution prior to exercise of such powers by the Treasurer shall elect to reassume the same. Such powers shall be exercised from time to time in such manner as the Treasurer shall determine to be in the best interests of the state and the Treasurer shall file a certificate of determination setting forth the details thereof with the secretary of the State Bond Commission on or before the date of delivery of such bonds, the details of which were determined by the Treasurer in accordance with such delegation.

[(4) On or before January 1, 2007, and annually thereafter, the Secretary of the Office of Policy and Management shall submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding, which report shall update, for all outstanding bond allocations, the statement required under subparagraph (D) of subdivision (1) of this subsection.]

[(5)] (4) The State Bond Commission may authorize the Commissioner of Economic and Community Development to defer payments of interest or principal, or a portion thereof, in the case of a troubled loan, as defined in subdivision (1) of subsection (e) of section 8-37x, made by the commissioner under any provision of the general statutes.

Sec. 2. Section 10a-232 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2008*):

(a) Revenue bonds or notes issued under the provisions of this chapter shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof or a pledge of the full faith and credit of the state or of any such political subdivision, but shall be payable solely from the revenues and funds herein provided therefor. All such revenue bonds or notes shall contain on the face thereof a statement to the effect that: (1) The state of Connecticut shall not be

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obligated to pay the same or the interest thereon and (2) the authority shall not be obligated to pay the same or the interest thereon except from revenues of the education loan program or programs or the portion thereof for which they are issued, and that neither the full faith and credit nor the taxing power of the state of Connecticut or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such bonds or notes.

(b) Notwithstanding the foregoing, (1) the constituent units of the state system of higher education may participate in one or more education loan programs with the authority and may incur indebtedness pursuant to authority loans, and (2) the authority may create and establish one or more reserve funds to be known as special capital reserve funds and may pay into such special capital reserve funds (A) any moneys appropriated and made available by the state for the purposes of such funds, (B) any proceeds of sale of notes or bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof, and (C) any other moneys which may be made available to the authority for the purpose of such funds from any other source or sources. The moneys held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used solely for the payment of the principal of bonds of the authority secured by such capital reserve fund as the same become due, the purchase of such bonds of the authority, the payment of interest on such bonds of the authority or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity; provided, the authority shall have power to provide that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such funds to less than the maximum amount of principal and interest becoming due by reason of maturity or a required sinking fund installment in any succeeding calendar year on the bonds of the authority then outstanding and secured by such special capital reserve

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fund, or such lesser amount specified by the authority in its resolution authorizing the issuance of any such bonds, such amount being herein referred to as the "required minimum capital reserve", except for the purpose of paying such principal of, redemption premium and interest on such bonds of the authority secured by such special capital reserve becoming due and for the payment of which other moneys of the authority are not available. The authority may provide that it shall not issue bonds at any time if the required minimum capital reserve on outstanding bonds secured by a special capital reserve fund and the bonds then to be issued and secured by a special capital reserve fund will exceed the amount of such special capital reserve fund at the time of issuance, unless the authority, at the time of the issuance of such bonds, shall deposit in such special capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve. The authority may, as part of the contract of the authority with the owners of such bonds, provide that on or before December first, annually, there is deemed to be appropriated from the state General Fund such sums, if any, as shall be certified by the chairman of the authority to the Secretary of the Office of Policy and Management and the Treasurer of the state, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to the authority. For the purpose of evaluation of any such special capital reserve fund, obligations acquired as an investment for any such fund shall be valued at amortized cost. Nothing contained in this section shall preclude the authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of the authority. Subject to any agreement or agreements with owners of outstanding notes and bonds of the authority, any amount or amounts allotted and paid to the authority pursuant to this section shall be repaid to the state from moneys of the authority at such time

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as such moneys are not required for any other of its corporate purposes and in any event shall be repaid to the state on the date one year after all bonds and notes of the authority theretofore issued on the date or dates such amount or amounts are allotted and paid to the authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the owners thereof, are fully met and discharged. Notwithstanding any other provisions contained in this chapter, the aggregate amount of bonds outstanding at any time secured by such special capital reserve funds authorized to be created and established by this section shall not exceed [one hundred seventy million] three hundred million dollars and no such bonds shall be issued to pay program costs unless the authority is of the opinion and determines that the revenues to be derived from the program shall be sufficient (1) to pay the principal of and interest on the bonds issued to finance the program, (2) to establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds, (3) to pay the cost of maintaining and servicing the program and keeping it properly insured, and (4) to pay such other costs of the program as may be required.

Approved June 2, 2008